

## Message Text

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ACTION COME-00

INFO OCT-01 EUR-25 ISO-00 EB-11 CIAE-00 INR-11 NSAE-00

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FM AMEMBASSY BUCHAREST

TO SECSTATE WASHDC 0036

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY BUDAPEST

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY MOSCOW

AMEMBASSY PRAGUE

AMEMBASSY ROME

RUJ SA/AMEMBASSY SOFIA 1806

AMEMBASSY WARSAW

USMISSION BERLIN

/AMCONSUL ROTTERDAM 0005

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E.O. 11652: N/A

TAGS: ETRD, EINV, RO

SUBJECT: US SUBSIDIARIES PARTICIPATION IN INDUSTRIAL COOPERATION  
ARRANGEMENTS

REFS: A) STATE 173905 B) BONN 13429

1. ROMANIANS IN PRINCIPLE STRONGLY PREFER TO CONCLUDE COOPERATION  
AGREEMENTS NOT RPT NOT WITH SUBSIDIARIES OF U.S. FIRMS BUT WITH  
PARENT COMPANY IN U.S. THIS APPLIES NOT ONLY TO COOPERATION  
ARRANGEMENTS BUT EVEN TO SIMPLE SALES AND PURCHASES. BECAUSE  
OF ROMANIA'S FAST-PACED INDUSTRIALIZATION POLICY, ONCE APPROVAL  
FOR A PROJECT IS GRANTED, ROMANIAN NEGOTIATORS ARE UNDER PRESSURE  
TO MOVE QUICKLY AND HAVE COMMENTED TO US THAT THEY HAVE EXPERIENCED  
DELAYS WHEN DEALING WITH SUBSIDIARIES BECAUSE APPROVAL MUST  
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IN MANY CASES BE SOUGHT FROM THE PARENT FIRM. ROMANIANS ALSO

FEEL THAT GOING DIRECTLY TO COMPANY HEADQUARTERS IN US LESSENS RISK OF PAYING AN UNNECESSARY COMMISSION TO A MIDDLEMAN. AVON COSMETICS PROJECT MENTIONED REF B, FOR EXAMPLE, IS BEING NEGOTIATED WITH AVON REPS FROM COMPANY HEADQUARTERS IN U.S., NOT GERMAN SUBSIDIARY. TALKS WITH DOW CHEMICAL ON AN EXCHANGE-OF-PRODUCTS AGREEMENT (SYNTHETIC GLYCERINE, MANGANESE OXIDE) WITH DOW'S EUROPEAN SUBSIDIARIES ARE ALSO BEING HELD WITH DOW REPRESENTATIVES FROM THE U.S.

2. DESPITE THIS GENERAL PREFERENCE TO GO DIRECTLY TO COMPANY HEADQUARTERS, ROMANIA IS CONDUCTING SOME DISCUSSIONS WITH EUROPEAN SUBSIDIARIES OF U.S. FIRMS. AMONG MOST ACTIVELY PURSUED OF WHICH WE ARE AWARE IS AN EXCHANGE-OF-PRODUCTS-AND-TECHNOLOGY AGREEMENT WITH DU PONT'S GENEVA BRANCH (SYNTHETIC FIBERS, PLASTICS, DYES). MINISTRY OF CHEMICAL INDUSTRY IS ALSO IN TOUCH WITH HERCULES POWDER, BRUSSELS REGARDING A POLYPROPYLENE PLANT, WHICH MAY TURN INTO A JOINT VENTURE. ANOTHER POSSIBLE COOPERATION PROJECT NOW UNDER DISCUSSION IS WITH TRANE CORP, BRUSSELS IN REFRIGERATED TRUCKS. NEGOTIATIONS WITH PHILLIPS PETROLEUM, BRUSSELS REGARDING SYNTHETIC RUBBER HAVE APPARENTLY BEEN ABANDONED.

BARNES

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## Message Attributes

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